

TOMPKINS TOWNSHIP
JACKSON COUNTY - MICHIGAN
FINANCIAL STATEMENTS
Year Ended March 31, 2008

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Dove & Hickey, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS:

**AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

**MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS**

**GEORGE DOVE, C.P.A.
PAUL T. HICKEY, C.P.A.
NANNETTE M. SPONSER, C.P.A.
ALLISON I. COLE, C.P.A.**

INDEPENDENT AUDITOR'S REPORT

Township Board
Tompkins Township
Jackson County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Tompkins Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tompkins Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Tompkins Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule, as identified in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Tompkins Township has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of the financial statements.

Dove & Hickey, P.L.C.

August 19, 2008

TOMPKINS TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$161,864
Receivables:	
Taxes	7,296
Due from other governmental units	29,632
Prepaid expenses	23,052
Capital assets - net	<u>586,283</u>
Total assets	<u>808,127</u>
<u>LIABILITIES:</u>	
Accrued liabilities	8,689
Capital lease obligation:	
Due within one year	29,740
Due in more than one year	<u>156,196</u>
Total liabilities	<u>194,625</u>
<u>NET ASSETS:</u>	
Invested in capital assets - net of related debt	400,347
Unrestricted	<u>213,155</u>
Total net assets	<u>\$613,502</u>

See accompanying notes to financial statements.

TOMPKINS TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
GOVERNMENTAL				
ACTIVITIES:				
General government	\$121,861	\$ 31,843	\$ -0-	\$ -0-
Public Safety	124,826	9,238	-0-	8,883
Public works	39,800	-0-	-0-	-0-
Recreation and culture	4,711	-0-	-0-	-0-
Community and economic				
development	<u>4,373</u>	<u>800</u>	<u>-0-</u>	<u>-0-</u>
Total governmental				
activities	<u>\$295,571</u>	<u>\$ 41,881</u>	<u>\$ -0-</u>	<u>\$ 8,883</u>

GENERAL REVENUES:

Property taxes
State-shared revenues
Investment earnings
Total general revenues

CHANGES IN NET ASSETS

NET ASSETS - BEGINNING
OF YEAR

NET ASSETS - END OF YEAR

See accompanying notes to financial statements.

Net (Expense)
Revenue
and Changes
in Net Assets

Governmental
Activities

(\$ 90,018)
(106,705)
(39,800)
(4,711)

(3,573)

(244,807)

64,116
191,753
2,437
258,306

13,499

600,003

\$613,502

TOMPKINS TOWNSHIP
BALANCE SHEET -
GOVERNMENTAL FUNDS
March 31, 2008

	<u>General Fund</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$161,864
Receivables:	
Taxes	7,296
Due from other governmental units	29,632
Prepaid expenses	<u>23,052</u>
Total assets	<u>\$221,844</u>
<u>LIABILITIES AND FUND BALANCES:</u>	
Liabilities:	
Accrued expenses	\$ <u>119</u>
Total liabilities	<u>119</u>
Fund balances:	
Unreserved:	
Undesignated	<u>221,725</u>
Total fund balances	<u>221,725</u>
Total liabilities and fund balances	<u>\$221,844</u>

See accompanying notes to financial statements.

TOMPKINS TOWNSHIP
RECONCILIATION OF FUND BALANCES ON THE
BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS -
GOVERNMENTAL FUNDS
March 31, 2008

Fund balances - total Governmental funds	\$221,725
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	586,283
Accrued interest payable is not included as a liability in governmental funds	(8,570)
Long-term liabilities not due and payable in the current period and are not reported in the governmental funds:	
Capital leases payable	(185,936)
Net assets of governmental activities	<u>\$613,502</u>

See accompanying notes to financial statements.

TOMPKINS TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended March 31, 2008

	<u>General Fund</u>
REVENUES:	
Taxes and penalties	\$ 89,267
Licenses and permits	10,072
State sources	191,753
Contributions	8,883
Charges for services	240
Refunds and reimbursement	1,423
Interest and rentals	7,117
Other revenues	<u>313</u>
Total revenues	<u>309,068</u>
EXPENDITURES:	
Current:	
General government	119,570
Public safety	77,475
Public works	39,800
Community and economic development	4,373
Debt service	<u>38,725</u>
Total expenditures	<u>279,943</u>
EXCESS OF REVENUES OVER EXPENDITURES	29,125
FUND BALANCES - BEGINNING OF YEAR	<u>192,600</u>
FUND BALANCES - END OF YEAR	<u>\$221,725</u>

See accompanying notes to financial statements.

TOMPKINS TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
March 31, 2008

Net change in fund balance - total Governmental funds	\$ 29,125
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	12,079
Interest expense is reported in the statement of activities when incurred; it is not reported in governmental funds until paid	1,010
Depreciation on capital assets reported as part of governmental activities	(57,052)
Repayment of note principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	<u>28,337</u>
Changes in net assets of governmental activities	\$ <u>13,499</u>

See accompanying notes to financial statements.

TOMPKINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Tompkins Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Tompkins Township.

Reporting Entity

Tompkins Township is governed by an elected five-member Board. The accompanying financial statements present the Township's entities for which the Township is considered to be financially accountable. The Township has no component units.

Joint Operations

The Township and Rives Township equally support and govern the Rives-Tompkins Fire Board.

The joint operation agreement provides for a 50/50 split of operating expenses and purchase of capital assets with each Township responsible for 100% of their respective substations. The Township's respective share of the joint operations is reported in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

TOMPKINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, and interest associated with the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. General Fund activities are financed by revenue from general property taxes and state-shared revenue.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

TOMPKINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The Township's 2007 tax is levied and collectible on December 1, 2007, and is recognized as revenue in the year ended March 31, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2007 taxable valuation of the Township totaled approximately \$71,206,000 on which ad valorem taxes levied consisted of .9002 mills for operating purposes. This resulted in \$64,104 for operating. This amount is recognized in the General Fund.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "advances to/from other funds." All property tax receivables are considered to be fully collectible.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$300 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 to 50 years
Furnishings and equipment	3 to 7 years
Vehicles	10 years

TOMPKINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and all Special Revenue Funds. All annual appropriations lapse at year end. The proposed budget is submitted to the Township Board prior to the beginning of the next year. Public hearings are held, and a final budget is adopted no later than March 31. The Township Board must approve any budget amendments.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control is the department level.

The government does not utilize encumbrance accounting.

TOMPKINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes the local governmental units to make deposits and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations which have offices in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classification, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the board of trustees in accordance with Public Act 20 of 1943, as amended, has authorized investment in the investments in the preceding paragraph. The Township's deposit and investment policy is in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The bank balance of the government's deposits is \$189,899, of which \$100,000 is covered by Federal depository insurance. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

TOMPKINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

4. CAPITAL ASSETS

Capital asset activity of the Township's governmental activities was as follows:

	Balance <u>April 1, 2007</u>	<u>Additions</u>	Disposals and <u>Adjustments</u>	Balance <u>March 31, 2008</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ <u>174,000</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>174,000</u>
Capital assets being depreciated:				
Buildings and improvements	221,869	8,883	-0-	230,752
Furniture and equipment	245,387	3,196	-0-	248,583
Vehicles	<u>452,823</u>	<u>-0-</u>	<u>-0-</u>	<u>452,823</u>
Total capital assets being depreciated	<u>920,079</u>	<u>12,079</u>	<u>-0-</u>	<u>932,158</u>
Less: accumulated depreciation:				
Buildings and improvements	105,665	3,233	-0-	108,898
Furniture and equipment	202,178	10,302	-0-	212,480
Vehicle	<u>154,980</u>	<u>43,517</u>	<u>-0-</u>	<u>198,497</u>
Total accumulated depreciation	<u>462,823</u>	<u>57,052</u>	<u>-0-</u>	<u>519,875</u>
Total capital assets being depreciated - net	<u>457,256</u>	<u>(44,973)</u>	<u>-0-</u>	<u>412,283</u>
Total capital assets - net	\$ <u>631,256</u>	(\$ <u>44,973</u>)	\$ <u>-0-</u>	\$ <u>586,283</u>

Depreciation expense was charged to programs as follows:

Governmental activities:	
General government	\$ 2,737
Public Safety	50,052
Recreation and culture	<u>4,263</u>
Total governmental activities	\$ <u>57,052</u>

TOMPKINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

5. LEASE COMMITMENTS

Capital Lease

The Township and Rives Township jointly have several capital leases to finance a rescue truck, a pumper truck, and a tanker truck. The Township's share of the outstanding lease agreements include the acquisition and corresponding cost of a rescue truck for \$44,250, and pumper and tanker trucks for \$199,217. These leases qualify as capital leases. The accumulated depreciation for these assets as of March 31, 2008, was \$56,990, and the amortization is included with depreciation.

The following is a schedule by years of the Township's share of future minimum payments required under the lease together with its present value as of March 31, 2008:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2009	\$ 38,724
2010	30,586
2011	30,586
2012	30,586
2013	30,586
Thereafter	<u>61,171</u>
Total minimum lease payments	222,239
Less: amount representing interest	<u>36,303</u>
Present value of minimum lease payments	<u>\$185,936</u>

6. LONG-TERM DEBT

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Primary Government:							
Governmental activities:							
Lease obligations payable	4.809 - 5.275%	Various	<u>\$214,273</u>	<u>\$ -0-</u>	<u>(\$ 28,337)</u>	<u>\$185,936</u>	<u>\$ 29,740</u>
Total governmental activities			<u>\$214,273</u>	<u>\$ -0-</u>	<u>(\$ 28,337)</u>	<u>\$185,936</u>	<u>\$ 29,740</u>

Total interest paid for the fiscal year ended March 31, 2008 was \$10,388 for capital leases.

TOMPKINS TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

7. RISK MANAGEMENT

Tompkins Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation). The Township has purchased commercial insurance for employee injury, and participates in the Michigan Township Participating Plan risk pool for claims relating to property loss, torts and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Township Participating Plan risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

8. COMMITMENTS AND CONTINGENCIES

The Township has co-signed two capital leases with Rives Township to purchase trucks for the jointly operated fire department. The Township could be liable for the entire amounts of the agreement and lease.

REQUIRED SUPPLEMENTAL INFORMATION

TOMPKINS TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2008

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
REVENUES:				
Taxes and penalties	\$ 87,000	\$ 87,000	\$ 89,267	\$ 2,267
Licenses and permits	15,685	15,685	10,072	(5,613)
State sources	191,500	191,500	191,753	253
Contributions	-0-	8,883	8,883	-0-
Charges for services	200	200	240	40
Refunds and reimbursement	4,000	4,000	1,423	(2,577)
Interest and rentals	5,700	5,700	7,117	1,417
Other revenues	<u>500</u>	<u>500</u>	<u>313</u>	<u>(187)</u>
Total revenues	<u>304,585</u>	<u>313,468</u>	<u>309,068</u>	<u>(4,400)</u>
EXPENDITURES:				
Current:				
General government:				
Township Board	40,000	39,700	29,946	9,754
Supervisor	14,000	14,000	11,844	2,156
Elections	4,000	4,000	2,097	1,903
Assessor	22,000	22,000	20,206	1,794
Clerk	19,896	19,886	18,593	1,293
Treasurer	21,000	21,000	20,145	855
Tax roll prep	2,000	2,000	1,808	192
Township Hall	24,000	24,000	14,450	9,550
Fire protection	125,000	133,883	103,390	30,493
Building inspection	17,100	17,110	12,810	4,300
Public Works	40,000	40,000	39,800	200
Community and economic development	3,100	3,100	3,100	-0-
Planning commission	600	600	-0-	600
Board of Review	1,000	1,000	950	50
Other	<u>604</u>	<u>904</u>	<u>804</u>	<u>100</u>
Total expenditures	<u>334,300</u>	<u>343,183</u>	<u>279,943</u>	<u>63,240</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(29,715)	(29,715)	29,125	58,840
FUND BALANCE - BEGINNING OF YEAR	<u>192,600</u>	<u>192,600</u>	<u>192,600</u>	<u>-0-</u>
FUND BALANCE - END OF YEAR	<u>\$162,885</u>	<u>\$162,885</u>	<u>\$221,725</u>	<u>\$ 58,840</u>

See accompanying notes to financial statements.

Dove & Hickey, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS:

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ALLISON I. COLE, C.P.A.**

August 19, 2008

Board of Trustees
Tompkins Township
Jackson County, Michigan

Board Members:

In planning and performing our audit of the financial statements of the governmental activities, and each major fund of Tompkins Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Tompkins Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

Journal Entries:

Management is responsible for designing and implementing of the financial reporting system to record, process, and report significant transactions. Journal entries were required during audit to ensure financial statement presentation was in conformity with generally accepted accounting principles. These entries mainly consisted of accruals.

Financial Statement Report Adjustments:

During the audit we generally provide assistance in identifying and calculating certain year-end adjustments required to prepare financial statements in accordance with generally accepted accounting principles, including the requirements of GASB 34. We also assist in gathering information required for financial statements reclassifications and footnote disclosures. We are pleased to assist in this process, as we have expertise in these adjustments and reporting issues, and can generally assist in a very cost-efficient manner. We bring this to your attention since it meets the above definition of a matter to be communicated.

We believe that implementation of these recommendations will provide the Township with a stronger system of internal control while making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation. This report is intended solely for the information and use of the Board, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve you. If you have any questions regarding this letter, please contact us.

Respectfully yours,

Dove & Hickey, P.L.C.